

HIGLAS Highlights

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Welcome to HIGLAS Highlights!

This is the inaugural edition of a quarterly newsletter that will provide news and updates regarding the implementation of the Healthcare Integrated General Ledger Accounting System (HIGLAS). When fully implemented, HIGLAS will replace the numerous financial systems currently in use by the Blue Cross & Blue Shields and commercial insurance companies that process and pay nearly 3 million Medicare claims every day, as well as CMS Headquarters Accounting System (FACS).

Secretary Thompson Kicks off HIGLAS

On September 27, HHS Secretary Tommy G. Thompson launched a long-term project to combine Medicare's many outdated accounting systems into a single, unified system that will better ensure that the program pays correctly for the care Medicare beneficiaries need.

Secretary Thompson has made modernizing Medicare's accounting systems a priority in order to improve the program's fiscal accountability to beneficiaries and taxpayers. The project will integrate the new system with Medicare's three standard computer systems and replace the current mainframe-based financial system with a modern, Web-based accounting system.

"For too long, Medicare has relied on outdated systems to track the nearly 1 billion health insurance claims it pays each year," Secretary Thompson said. "This project will make it far easier for Medicare to track and pay claims quickly and accurately on behalf of the 40 million Medicare beneficiaries and all American taxpayers."

To assist CMS in implementing the new accounting system, the agency is contracting with PricewaterhouseCoopers, whose major teaming partners include Oracle Corp. and Electronic Data Systems (EDS). PricewaterhouseCoopers (PwC) will act as the systems integrator, Oracle Corp. will provide the Government approved COTS financial accounting software and EDS will provide application hosting services. LMI will provide contract support and Titan Systems will serve as the IV&V contractor.

The HIGLAS system will improve accountability for Medicare's outlays to providers serving Medicare beneficiaries. The system will result in estimated benefits of approximately \$1.2 billion through fiscal year 2010 by enabling CMS to better record, track and collect receivables.

Message from HIGLAS Project Managers: John Moeller and Morris Zwick

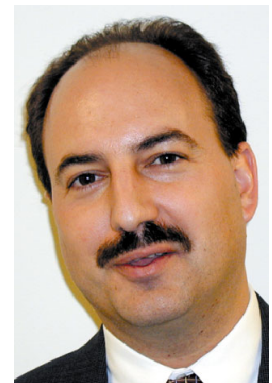


*John Moeller is the
CMS HIGLAS Program
Office Director*

We are pleased to announce that the HIGLAS project is well underway. We have worked hard in getting to this point, and it is gratifying to begin developing and implementing the HIGLAS solution. CMS, PwC, the Medicare contractors, Oracle and EDS have already developed a strong partnership, and we look forward to working together as this exciting project progresses.

Because of CMS's unique structure in using contractors to process claims from healthcare providers, there are many stakeholders in the private, not-for-profit, and government sectors who will be impacted by and stand to benefit from the HIGLAS implementation. Success will depend on all these parties working together.

We are committed to making this a truly cooperative effort, where CMS, the PwC implementation team, and Medicare contractors work hand-in-hand. Our current planning phase is critical to the successful implementation of HIGLAS. We need to understand the needs and concerns of all stakeholders early in the project so we can quickly identify solutions to any potential problems.



*Morris Zwick is the
PricewaterhouseCoopers
Principal directing the
Implementation*

To that end, we invite you all to ask questions about the HIGLAS project and keep informed about the implementation. In addition to this quarterly newsletter, we will put out other communications geared towards particular groups at appropriate times. In the meantime, do not hesitate to contact us through the contact information at the end of this newsletter.

Things You Should Know About HIGLAS

Who is leading the HIGLAS project?

The HIGLAS project team includes many personnel from CMS's CIO and CFO staffs. The project leaders are:

- Michelle Snyder, CMS's CFO will lead the business side of system development.
- Gary Christoph, CMS's CIO, will lead the technical portion of the operation
- John Moeller, Director of the HIGLAS Program Office, from OFM, and Dave Smith, Deputy Director of the HIGLAS Program Office, from OIS, will serve as CMS's HIGLAS Program Managers
- Morris Zwick, the PwC principal, will direct PwC's design and implementation efforts

What benefits will HIGLAS bring?

Implementation of HIGLAS is essential to retaining a clean opinion on CMS's financial statements, promoting the fiscal integrity of CMS programs, and to meeting the requirements of key federal legislation (CFO Act, GMRA, FFMIA, and DCIA, and so forth), as well as for safeguarding government assets. The following are among the many quantifiable and nonquantifiable benefits that may be realized through HIGLAS:

- Strengthen Medicare's management of its accounts receivable and allow more timely and effective collection activities on outstanding debts
- Production of automated agency financial statements and other required external reports, leading to fewer errors in financial reporting and less manual effort expended
- Enhanced CMS oversight of contractor financial operations, including data entry, transaction processing, and reporting
- Elimination of redundant processes

When will HIGLAS be fully implemented?

HIGLAS will begin with a pilot program. This phase will initially focus on two Medicare contractors: Palmetto GBA, Part A (Columbia, S.C.) processes primarily hospitals and other institutional claims, and Empire Blue Cross & Blue Shield, Part B (Syracuse, N.Y.) processes primarily physician and supplier claims. The pilot phase will examine, and where appropriate, reengineer the accounting business processes of the Medicare contractors to adopt the embedded best practices from the accounting software.

The implementation of the pilot system is expected to span October 2001 through March 2003. After a thorough evaluation of the pilot implementations, a decision will be

made on expanding the implementation to the remaining contractors and CMS's internal administrative accounting operations. All conversion activities are expected to be completed by October 2006.

HIGLAS Implementation Timeline

Important Dates to Remember

- Design Stage: October 2001-September 2002
- Oracle runs parallel to current systems at pilots: October 2002 - March 2003
- Decision on implementing remaining Medicare contractors: April 2003
- Implementation of HIGLAS at CMS Headquarters: FY 2003-2005
- Implementation of HIGLAS at remaining Medicare contractors: FY 2003-2006

Progress Report to Date

- Successful systems integrator vendor selection - Ruben J. King-Shaw, Jr. thanks all CMS staff for contributions toward the HIGLAS procurement process
- Kick-off with CMS and key stakeholder executives
- Initial meetings with Palmetto Government Benefit Administrators and Empire Blue Cross and Blue Shield took place from October 15, 2001 - October 25, 2001
- First contract deliverable: Preliminary Stress Test Plan delivered October 25, 2001
- CMS conducted orientation (October 31, 2001)
- HIGLAS Systems Engineering Portal (HSEP), though under development, is up and running for project communication

Upcoming Activities

- Prepare and conduct business process reengineering workshops focused on the general ledger and accounting code structures (scheduled for mid November 2001)
- Conduct team training (mid November 2001)
- Draft and finalize project management plans (mid December 2001)
- Develop interface strategy (mid November 2001)
- Match HIGLAS requirements to Oracle Financials software (January 2001)

Questions? Comments?

If you have questions or comments regarding the HIGLAS project or this newsletter, please e-mail:

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